

Portfolio Analysis Health Sector 2014

May 2015

Author: Florian Waldschmidt

Health - a fundamental right

Health is one of the fundamental rights of every human being and is a key factor for successful economic development. Yet a third of people around the world still do not have access to adequate healthcare. Acting on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), KfW Development Bank is thus involved in improving the health of people worldwide. We work together with our partner countries to develop country-specific solutions and are open to innovative concepts.

New projects for 2014

In 2014, KfW Development Bank concluded financing agreements in the amount of around EUR 326 million in the health sector. This sum comprises around EUR 158 million budget funds, EUR 165 million market funds and EUR 2.6 million mandated funds. The 28 new projects in 2014 are aimed at around 142 million people of all ages. The regional focus is on sub-Saharan Africa (108 million people, 11 new projects) and on Asia (32 million people, 13 new projects). In sub-Saharan Africa (SSA), "reproductive health, family planning and HIV/AIDS prevention" are priority areas with 7 out of 11 new projects focusing on these issues. Almost 18% of the funds (around EUR 58 million, of which about 96% in SSA) went to this subsector. With around 56% of the funds (EUR 181 million), the focus in Asia is on "strengthening the health care system". The largest part of these funds has been spent on infrastructure projects in the basic health sector in China (around 91% of the funds for infrastructure and health services) and Tajikistan.

Ongoing projects

With a financing volume of about EUR 2.1 billion, KfW Development Bank currently supervises 182 health projects in 34 countries throughout the world. Of this figure, 70 projects are related to reproductive health (family planning, safe motherhood, combating HIV/AIDS and other sexually transmitted diseases). In addition to improving the health infrastructure (57 projects), other topics are combating infectious diseases (tuberculosis, polio: 32 projects), health policy and health services administration programmes, medical research and basic nutrition programmes for around 2.3 million mothers and children in Yemen.



Financing instruments

With a volume of EUR 1.3 billion, most of the funds are made available in the form of FC financing (budget funds). The FC promotional loans for health projects, consisting of market funds, currently amount to almost EUR 405 million and are used exclusively for the building and expansion of hospitals in China. KfW Development Bank also manages funds from other donors by means of mandates (around EUR 66 million) to achieve a more efficient division of tasks.

Our target group

More than one billion people benefit directly or indirectly from the ongoing projects. An average of 20% of these people live below the national poverty line; in sub-Saharan Africa, the Middle East/North Africa and Europe/Caucasus about half of the target group are poor.

In statistical terms the fairly low impact on poverty results from the fact that, for example, vaccination and sector programmes are aimed at the entire population of a country, while the maternal and child health approaches are directed specifically at the poor sections of the population.

Millennium Development Goals

With our broad health portfolio over the past years we have contributed towards achieving the Millennium Development Goals (MDG). However, it has meanwhile become clear that the health-related MDGs 4 (lower child mortality), 5 (improve maternal health) and 6 (combat HIV/AIDS, malaria and other diseases) have not been achieved despite the high level of international involvement. This does not mean that the goals have become obsolete, but rather that the international community continues to pursue these three goals along with the aim of ensuring comprehensive primary health care - and KfW together with it.

2014 portfolio analysis

All ongoing Financial Cooperation (FC) projects are analysed below. This means that a financing agreement was concluded and the projects are in different stages of execution.

PORTFOLIO ANALYSIS HEALTH

Overview of the health sector

The table below shows the number, volume and target group of all ongoing projects in the health sector by region. Average values are also shown.

General overview	Africa (SSA)	MENA ¹	Europe/Caucasus ²	Asia	Latin America	Supra-regional ³	Total
General figures							
Number of projects	62	6	3	104	3	4	182
Proportion of total portfolio (number)	34.1%	3.3%	1.6%	57.1%	1.6%	2.2%	100%
Total volume (in EUR million) ⁴	569.42	82.00	4.00	1,342.03	21.00	33.43	2,051.88
Proportion of total portfolio (financially)	27.8%	4.0%	0.2%	65.4%	1.0%	1.6%	100%
Average FC volume (in EUR million)	9.18	13.67	1.33	12.09	7.00	10.29	11.27
Target group							
Target group reached (millions) ⁵	189.88	11.04	0.02	806.15	0.15	--	1,007.24
Proportion of poor people (millions)	99.43	6.07	0.01	96.98	0.07	--	202.56
Proportion of poor people (in %) ⁶	52.4%	55.0%	50.9%	12.0%	45.0%	--	20.1%

Core messages:

- The current volume in the health sector is around EUR 2.1 billion.
- More than 90% of the portfolio benefits the regions of sub-Saharan Africa and Asia, both in terms of the number of projects and volume.
- Health projects reach more than one billion people, of which about 20% live below the national poverty line.
- In sub-Saharan Africa, the Middle East/North Africa and Europe/Caucasus, at least half of the population reached are poor.
- The average FC volume of the project is around EUR 11 million.

¹ The significant difference to the previous portfolio analysis for MENA (average FC volume EUR 31 million, total volume of EUR 93 million, 23% poor) results from the conclusion of the emergency aid programme for Libya in the amount of EUR 75 million, which was not included in 2014.

² In the region of Europe/Caucasus, FC is currently only carrying out projects aimed at combating tuberculosis. The target group size is based on the TB prevalence rates and comprises approx. 22,000 people.

³ The supra-regional programmes are firstly product development partnerships (PDPs) for the research of neglected tropical diseases and, secondly, a contribution to the Global Health Investment Fund (GHIF) that is used to make new and inexpensive health products for combating poverty-related diseases available in developing countries. There are no quantifiable target groups.

⁴ Total volume here for all projects, training and accompanying measures.

⁵ This high number results from the fact that many programmes are aimed at the entire population of a country, e.g. polio vaccination programmes. Overlapping is possible even though double counting of target groups has been excluded to a large extent.

⁶ The reason for the noticeable difference in the proportion of poor people is, for example, because of infrastructure projects in China, where comparably large target groups with a relatively low proportion of poor people are reached.

Examination of subsectors

The overview below shows FC involvement in the subsectors of reproductive health, combating infectious diseases, infrastructure and health services as well as health policy and health services administration.

Subsectors	Reproductive health (family planning, HIV/AIDS, STD)	Combating infectious diseases (TB, polio)	Infrastructure and health services	Health policy and health services administration ⁷	Other	Total
General figures						
Number of projects	70	32	57	15	8	182
Proportion of total portfolio	32.2%	18.6%	35.4%	8.9%	4.9%	100%
Total volume (in EUR million)	661.55	381.28	725.77	181.94	101.33	2,051.88
Average FC volume (in EUR million)	9.45	11.91	12.73	12.13	12.67	11.27
Target group ⁸						
Target group reached (millions)	546.7	222.4	458.5	12.9	27.0	1,267.4
Proportion of poor people (millions)	110.6	77.6	29.2	5.16	8.08	230.5
Proportion of poor people (in %)	20.2%	34.9%	6.4%	40.0%	30.0%	18.2%

Core messages:

- As far as the number of projects is concerned, with almost 39%, the focus of the portfolio is on **reproductive health (family planning, safe motherhood, combating HIV/AIDS and other sexually transmitted diseases)**. The majority of the projects in this sector (around 61%) are carried out in sub-Saharan Africa. The projects are usually aimed at the population in the reproductive age group and comprise a target group of around 547 million people in total.
- Projects aimed at combating infectious diseases (tuberculosis, polio and bird flu) are mainly in Asia. In India, 98% of all children under the age of five have been vaccinated against polio. Since no new cases of polio had been reported in the past three years, the WHO declared India to be polio-free at the beginning of 2014. FC is also very active in Nigeria, officially one of the last countries with cases of polio. There the number of new incidents was reduced to 51 in 2013. With 100,000 people, the target group of the programmes aimed at **combating tuberculosis** is significantly smaller because only the people who have TB are recorded in a programme region. However, since in general they break the chain of infection, all projects improve the level of protection for the entire population. The number of people who benefit from the KfW programmes is therefore much higher.
- **Infrastructure projects and health service projects** are the largest items with around 35% of the funds. This includes above all the building and expansion of hospitals as well as new training places. Particularly worth mentioning here are the infrastructure projects in China financed through promotional loans. With a volume of EUR 450 million, they account for around 60% of the financed infrastructure projects. These funds are the only promotional loans in the portfolio.
- In addition to the four main sectors, KfW Development Bank also finances **medical research projects** related to neglected tropical diseases (around EUR 23.4 million) by means of mandates and three emergency aid programmes in Yemen to improve the **basic health** of mothers and children (EUR 59 million). It also supports medical **training and further training programmes** in Asia and sub-Saharan Africa (around EUR 18.9 million).

⁷ Primarily in the form of sector programmes (PBA, SWAp).

⁸ Differences in the tables relating to the size of the target group and the proportion of poor people result from double counting people belonging to several different sectoral target groups.

Identifiers

In the following overview, the identifiers for programme-based approaches, gender equality and poverty orientation are listed by region for all health projects. PBA 1 are projects in the context of programme-based approaches (local development programmes). PBA 2 are basket financing and PBA 3 are general or sectoral budget aid. The identifiers GG 1 and GG 2 are assigned to all projects whose primary or secondary goal is gender equality. The aim of projects with the identifier GG 0 is not explicitly gender equality.

Identifiers (number of projects)	Africa (SSA)	Asia	Europe/ Caucasus	Latin America	MENA	Supra-regional	Total	Total (%)
Programme-based approaches								
PBA 0	37	96	3	1	6	4	147	80.8%
PBA 1	19	0	0	2	0	0	21	11.5%
PBA 2	6	8	0	0	0	0	14	7.7%
PBA 3	0	0	0	0	0	0	0	0%
Gender equality								
GG 0	3	25	3	0	0	3	34	18.6%
GG 1	36	79	0	3	5	1	124	68.1%
GG 2	23	0	0	0	1	0	24	13.2%
Poverty orientation								
Self-help oriented poverty reduction (SHA)	3	0	0	1	0	0	4	2.2%
Other direct measures to reduce poverty (SUA)	43	59	3	2	6	0	113	62.1%
General poverty reduction at macro and sector level (MSA)	14	6	0	0	0	1	21	11.5%
General development policy focus (EPA)	2	39	0	0	0	3	44	24.2%

Core messages:

- In total, around 19% of the projects in the health sector follow a programme-based approach (PBA 1 and PBA 2) and thus support a local development programme.
- About 81% of the health projects promote gender equality directly (GG2) or indirectly (GG1).
- Around 64% of the projects in the health sector contribute directly to reducing poverty (identifiers SUA or SHA).

If you have any questions or would like further information, please contact:

Bettina Zoch-Özel
Sector Economist Health

KfW Development Bank
Competence Centre Sustainable Economic Development, Education and Health
Palmengartenstraße 5-9
60325 Frankfurt am Main
Tel. +49 69 7431- 9003
Bettina.Zoch-Oezel@kfw.de

www.kfw.de